

INTER-AMERICAN HIGHWAY

*Exchange of notes at Washington March 23, 1940, with memorandum
Entered into force March 23, 1940
Terminated February 17, 1948*¹

58 Stat. 1599; Executive Agreement Series 449

The Secretary of State to the Panamanian Ambassador

DEPARTMENT OF STATE

WASHINGTON

March 23, 1940

EXCELLENCY:

I have the honor to invite Your Excellency's attention to the act approved July 20, 1939 (Public No. 200, 76th Congress, Chapter 335, First Session)² authorizing an appropriation of not to exceed \$1,500,000 "to meet such expenses as the President (of the United States), in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in connection with the construction of a highway between Chorrera and Rio Hato in the Republic of Panama". The act provided that "the expenditure of such sum shall be subject to the receipt of assurances satisfactory to the President (of the United States) from the Government of the Republic of Panama of its cooperation in such construction."

In accordance with the provisions of the aforesaid act of Congress, conversations have been held with Your Excellency with a view to arriving at a mutually acceptable agreement as to the manner in which our two Governments may best cooperate in this work. As a result of these conversations, it is my understanding that agreement has been reached between our two Governments in the form set forth in the enclosed memorandum.

Upon the receipt of a note from Your Excellency confirming my understanding that the Government of Panama is agreeable to the basis of cooperation set forth in the enclosed memorandum, the Government of the United

¹ Date on which responsibility for highway was formally transferred to Panama.

² 53 Stat. 1071.

States is prepared to take the necessary steps to render effective its desire to assist in this enterprise.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

Enclosure:

Memorandum dated March 23, 1940.

His Excellency

Señor Dr. Don JORGE E. BOYD,
Ambassador of Panama.

MARCH 23, 1940

MEMORANDUM

BASIS OF COOPERATION BETWEEN THE REPUBLIC OF PANAMA AND THE
UNITED STATES OF AMERICA IN THE CONSTRUCTION OF THE PROPOSED
HIGHWAY BETWEEN CHORRERA AND RIO HATO

1. Pursuant to a contract entered into February 21, 1940, by and between the Republic of Panama, the National Bank of Panama, and the Export-Import Bank of Washington, arrangements were made for financing, in part, the reconstruction of the highway between Chorrera and Rio Hato.

2. By act approved August 9, 1939 (Pub. No. 361-76 Cong.)³ Congress appropriated the sum of \$1,500,000 to enable the United States to cooperate with the Republic of Panama in the construction of said road "for defense purposes" in accordance with the terms of the authorizing act approved July 20, 1939 (Pub. No. 200-76 Cong.).

3. Pursuant to the aforementioned contract and Acts of Congress the construction of said highway shall be undertaken cooperatively by the Government of the Republic of Panama and the Government of the United States. To that end the Government of the United States shall designate an engineer of the Public Roads Administration, Federal Works Agency, as its representative, whose salary and expenses shall be paid by the Government of the United States. The Government of the Republic of Panama, acting through its Highway Department, shall appoint an engineer who shall cooperate with the engineer representing the United States in all matters relating to this work in accordance with the stipulations agreed upon in the contract between the Republic of Panama, the Banco Nacional, and the Export-Import Bank of February 21, 1940, above referred to.

4. All work on said highway shall be performed in accordance with plans and specifications jointly agreed upon between the Highway Department of

³ 53 Stat. 1301.

the Republic of Panama and the Public Roads Administration, Federal Works Agency, of the United States of America.

5. In order to facilitate the fulfilment of the obligations devolving upon the engineer of the Public Roads Administration under the contract between the Republic of Panama, the Banco Nacional, and the Export-Import Bank, of February 21, 1940, as well as under the present basis of cooperation between the United States of America and the Republic of Panama such technical assistance shall be furnished by the Government of Panama as is jointly agreed upon between the Chief Highway Engineer of the Republic of Panama and the Public Roads Administration. The cost of such assistance shall be borne by the party requesting it from the funds available for the work.

6. There shall be complete cooperation between the Highway Department of the Republic of Panama and the Public Roads Administration of the Federal Works Agency of the United States. To this end each agency shall furnish the other with full information regarding all phases of the construction activities undertaken pursuant to this agreement, as contemplated in the contract between the Republic of Panama, the Banco Nacional, and the Export-Import Bank above referred to.

7. As both countries desire to complete the construction of this road as expeditiously as possible, the Republic of Panama shall initiate the work at the earliest practicable date. In order further to expedite the construction of this road, the Republic of Panama shall supply an adequate and sustained force of skilled and unskilled labor during the course of construction. The Republic of Panama further shall place the assignment of labor to this project in high priority among construction projects over which it has control, and shall use all the means at its disposal to provide for prompt deliveries of all necessary supplies, materials, and equipment for the work.

8. The Public Roads Administration of the Federal Works Agency of the United States shall act as purchasing agent for the procurement, inspection, and forwarding to Panama of all required equipment, articles, supplies, and materials for the work which are not mined, produced, or manufactured in Panama. Such procurement, inspection, and forwarding shall be done when requested by the Highway Department of the Republic of Panama with the approval of the Representative of the Public Roads Administration.

9. The Republic of Panama shall furnish free of charge in natural deposits all stone, gravel, sand, earth, or other natural products for the construction, whether or not these occur on the public domain, as well as easements necessary to make these deposits available. The Republic of Panama shall likewise make available free of charge lands necessary for the use of construction camps, storage of materials, and all other purposes incident to the work.

10. The Republic of Panama shall make available for the repair of tools and equipment used in this construction, and at a reasonable cost for time

and materials, the facilities of the mechanical shops of the Panamanian Highway Department in so far as these may be adequate for the purpose.

11. The Republic of Panama shall furnish without cost such office space in Panama City or elsewhere in the Republic as may be necessary for the use of the Public Roads Administration.

12. In so far as may be practical, the highway to be constructed shall follow the lines and grades of the existing road between Chorrera and Rio Hato, and shall begin at the point near Chorrera where recent improvements of the road by the Republic of Panama ended, and shall end at a point in or near Rio Hato, to be determined in common agreement by the Highway Department of the Republic of Panama and the Public Roads Administration of the Federal Works Agency. The lines and grades of the existing road, as well as general specifications therefor may, however, be rectified and altered when deemed necessary or desirable by agreement between the Highway Department of the Republic of Panama and the Public Roads Administration of the Federal Works Agency, in order to improve the existing line and grade for the purpose for which it is designed.

13. The Republic of Panama shall institute and prosecute to completion, without expense to the funds provided by the United States or the credits made available by the Export-Import Bank of Washington, D.C., all necessary proceedings for the expropriation, condemnation, acquisition, or purchase of lands required for the construction of the road, including any rectification of the line or grade of the road.

14. Any expenditures properly made under this agreement by the Public Roads Administration of the Federal Works Agency from its regular funds and not provided from the \$1,500,000 appropriation herein above referred to shall be reimbursed said Administration by the Government of Panama from funds available for the work, provided that such expenditures shall have been made at the request or with the approval of the Highway Department of Panama. This requirement shall not apply to the salary and expenses of the engineer of the Public Roads Administration referred to in paragraph 3 hereof.

15. The disbursement of all funds received by the Republic of Panama under the contract of February 21, 1940, referred to in paragraph 1 hereof, shall be made by the Highway Department of the Republic of Panama in agreement with the representative of the Public Roads Administration. Since the charter of the Export-Import Bank expires June 30, 1941, the funds available from this source will be expended, in so far as may be practicable and efficient, prior to that date. The additional funds provided by the Government of the United States shall be expended by the Public Roads Administration in agreement with the representative of the Republic of Panama.

16. Upon completion of the work all remaining tools and equipment, as well as all materials and supplies unused, which have been purchased from the appropriation made available by the United States, referred to in para-

graph 2 hereof, shall remain the property of the United States, and all remaining tools and equipment, and all materials and supplies unused at the termination of the work which shall have been procured from other funds or from funds made available through credits from the Export-Import Bank of Washington, shall be the property of the Republic of Panama.

17. The Republic of Panama shall enact legislation and take such other action as may be necessary to exempt from the payment of customs duties, taxes and imposts of all kinds, the materials, supplies, equipment and tools required for use in this construction.

18. The Republic of Panama shall assume all liability of any nature or kind arising out of or in connection with the work provided for herein, resulting from the operations conducted under this agreement within the jurisdiction of the Republic of Panama.

The Panamanian Ambassador to the Secretary of State

[TRANSLATION]

EMBAJADA DE PANAMA
WASHINGTON, D.C.

MARCH 23, 1940

MR. SECRETARY:

I have the honor to acknowledge the receipt of Your Excellency's note of March 23, 1940, enclosing a memorandum bearing the same date, which sets forth your understanding of the conclusions which we have reached as to the most suitable manner for making effective the cooperation between our two Governments in the construction of the proposed highway between Chorrera and Rio Hato in the Republic of Panama.

My Government has received with great satisfaction this new evidence of the willingness of the Government of the United States to cooperate with the Government of my country in this enterprise. The basis of cooperation set forth in the memorandum enclosed in Your Excellency's note under reference has met with the full approval of the Government of Panama, which does not doubt that the spirit of absolute harmony and good will that has been evidenced during the negotiations carried out between several officials of Your Excellency's Government and the undersigned, and which are manifest in the document which Your Excellency has been kind enough to send me, will continue during the whole period of time of construction of this highway.

Accept, Excellency, the assurances of gratitude of my Government as well as my own, with the expressions of my highest and most distinguished consideration.

JORGE E. BOYD

His Excellency CORDELL HULL,
The Secretary of State,
Washington, D.C.